

MOTORIST INFORMATION SIGN PROGRAM STATUS REPORT

BRIEFING PAPER

Prepared for the
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PURPOSE:

This briefing paper provides the Transportation Commission with a status report on the Department's Motorist Information Sign Program.

SUMMARY:

Following the entry last December of a preliminary injunction against WSDOT's request for proposals for an outsourced Motorist Information Sign Program, WSDOT has proceeded to restart the program with its own workforce and a new schedule of fees and charges. Today, for now, the Motorist Information Sign Program is back in business. We are serving the program's business customers (including new customers), and meeting the basic objective of the program to provide information to motorists traveling on the highways.

DISCUSSION:

Background

Motorist Information Signs are the familiar blue or brown backboards along state highways on which businesses mount information about the services available at highway interchanges or intersections. The back panels are labeled "Gas," "Food," "Lodging," "Camping," "Recreation," or "Tourist Activities," and provide directional information. Individual business logo signs are placed on the panels. Many features of the program are regulated by the Federal Highway Administration and/or covered by detailed provisions of the Manual on Uniform Traffic Control Devices, RCW 47.36, and WAC 468-70, including the eligibility rules for the various types of services and firms wishing to place logo signs on the panels.

About 2,100 businesses in Washington State currently participate in the Motorist Information Sign Program. The size of the program has remained about the same since 1998.

Approximately two-thirds of the participating businesses are at freeway or expressway interchanges. Businesses at freeway interchanges usually have two logo signs installed on the freeway mainline and two logo signs installed on the off ramp to their business. Businesses at expressways usually have two mainline signs and no ramps signs. The remaining third of the businesses are signed at intersections on conventional highways. Businesses signed from conventional highways usually have two logo signs installed on the state highway.

Nearly 71% of the participating businesses are in Western Washington, 29% are in Eastern Washington.

Business participation in the Motorist Information Sign Program by WSDOT Region (2003 Data):				
	Businesses at Interchanges	Businesses at Intersections	Total in Region	Region Percent of Program Total
Northwest Region	455	67	522	24.8%
Olympic Region	379	282	661	31.3%
Southwest Region	208	97	305	14.5%
North Central Region	38	108	146	6.9%
South Central Region	211	92	303	14.4%
Eastern Region	112	60	172	8.2%
Total	1403	706	2109	100.0%

The following breakdown of participation in the program by business category is as of as of September 2002:

Category	Percentage
Gas	23.7 %
Food	43.1%
Lodging	23.5 %
Camping	4.9 %
Tourist Activities	4.8 %

Outsourcing initiative in 2002-2003.

In 2002, the legislature directed WSDOT to select a private contractor to conduct the Motorist Information Sign Program. Funding for WSDOT program activities (sign erection and maintenance; contractual relationships with eligible businesses, etc.) was eliminated. The 2001-2003 biennial budget had contained \$1.03 million for the administration of the program (This amount did not include cost items such as replacement of worn back panels and so forth.). On the revenue side WSDOT re-couped about \$250,00 per year from businesses on the fee schedule in place prior to 2001. WSDOT curtailed most field activities in July 2002 pending the outsourcing exercise.

After much additional discussion with legislators to help interpret the exact intent of the statutory outsourcing directive, WSDOT prepared a draft contract for a program vendor and in November 2003 issued a request for proposals. At that time the Washington Federation of State Employees filed a lawsuit against WSDOT's outsourcing initiative, contending that selection of an outsourced vendor to run the program constituted illegal contracting out of civil service work. In December of 2003, Judge Thomas McPhee of the District Court of Thurston County issued a preliminary injunction against WSDOT proceeding with the outsourcing process.

Program restart in 2004.

The legislature again took up the program in the 2004 Transportation Supplemental Budget Bill, authorizing WSDOT to restart the program and run it until June 2005. In an effort to create a revenue stream at least sufficient to recover costs of the program, the legislature also specifically authorized WSDOT to revise its fee schedules for the program, subject to cap amounts the legislature established.

The following chart shows the new basic fee schedule for businesses participating in the program (based on an analysis of all-in program costs) and their relation to the caps stipulated by the legislature.

Zone	Description	Annual Fee level as of 2001	Revised WSDOT Annual Fee – two travel directions	Revised WSDOT Annual Fee – one travel direction	Legislatively mandated cap
1	Freeways and expressways with more than 80,000 vehicle per day	\$105	\$910	\$455	\$1000
2	Freeways and expressways with less than 80,000 vehicle per day	\$105	\$683	\$342	\$750
3	Conventional two lane highways	\$35	\$364	\$182	\$400

The WSDOT restarted the Motorist Information Sign Program in April 2004 with three chief and immediate goals:

1. Change existing logo signs because the business has changed names, or the logo sign is faded or obsolete,
2. Install logo signs on existing back panel spaces, and
3. Install logo signs on new back panels.



Maintenance workers Kelly Brauhn and Scott Wilcox place a new logo for the Marriott Residence Inn near Exit 291 B on I-90 near Spokane in June 2004.

The following chart shows actions by regions on replacement and installation of logo signs and the installation of new back panels.					
Region	New customers expressing interest	Existing logos changed	New logo signs installed	New back panels ordered	New back panels installed
Northwest Region				4	
Olympic Region	20	Pending 10 delivery of logo signs	10 pending delivery of logo signs	13	3
Southwest Region	57	5	3		
North Central Region	10	2			
South Central Region	15	2	2 pending payment and delivery of logo signs	4	
Eastern Region	5	5	4 pending delivery of logo signs		

Customer reaction to new fee levels.

WSDOT notified all participating businesses on April 15th that the annual fees would increase effective on each customer's annual renewal date.

Invoices were sent for three months' renewal – April, May and June. For April (198 invoices) and May (200 invoices), timely payment was made by about 59% and 34% of the invoiced customers, respectively. Invoices sent in June (207 invoices) are due in mid July.

The new invoices present a substantial price increase from the old fee levels. About 160 phone calls and e-mails have been received as a result of the program-wide notification letter sent in April or the specific invoices sent out in April, May and June.

About a quarter of the 160 businesses whose calls or e-mails were received indicated they would drop out of the program. Some – generally small businesses located at a distance from the highway – indicated that the patronage drawn from the logos is too small to justify the expense of the program. Some complained in general that the fee increase was too steep in a time of economic stress. Some indicated they would drop out because the business was closing. Some thought that the new prices were higher than necessary to

recover WSDOT's costs. Whether or not these businesses will eventually renew their contracts is not yet clear.

In many locations across the state, there is a backlog of interested businesses seeking logo space where available back panels are already full. In those areas the departure of one business from the back panel may make room for another. In other areas of the state, experience may show that logo space goes unused. If this situation develops, further consideration can be given to the specific fee policies that may best serve WSDOT's cost recovery needs and make a good fit with local economic circumstances and conditions around the state.

Next steps.

Public relations and marketing materials

WSDOT is now developing marketing materials to call attention to the business benefits of participating in the program. Waiting lists for space on back panels will be brought up to date and new firms signed up to take any spaces that may be or become available. WSDOT also wants to demonstrate to businesses some of the steps WSDOT is taking to maintain the program's long-term viability – such as the replacement of worn or damaged back panels in various locations. We want participating and potential business customers to have a sense of exactly what they get from the funds used to support the program. We also want industry associations to understand the effort and attention the re-vitalized program is now receiving. Meetings will be held with the key industry association to explain program developments and consider comments and suggestions about how best to proceed in the future.

Collection of past due invoices

WSDOT will be taking active steps to collect unpaid invoices. This will include contacting customers, providing information about the underlying cost justification for the new fees, and removing from the program any businesses whose fees are unpaid at the end of a reasonable period.

Expedited attention to back panel and logo upkeep, repair and replacement

With the fee increases, WSDOT must now take steps to assure that the gap in customer service over the last two years is addressed and particularly in the visible area of assuring the good condition of logos and back panels. Tracking efforts have begun in the regions and will be monitored by the Traffic Office at headquarters in Olympia.

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